

September 22, 2003

Honorable Mavis Matthew
Virgin Islands Department of Health
3012 Eitracó Mall, Estate Golden Rock
Christiansted, St. Croix, VI 00820

Dear Dr. Matthew:

We have determined that the Virgin Islands' application for Federal Fiscal Year (FFY) 2002 funds under Part C of the Individuals with Disabilities Education Act (Part C) can be approved with special conditions, under the regulations governing "high risk" grantees in 34 CFR §80.12. I am enclosing the Virgin Islands' Part C award, and an attachment detailing the special conditions and the reasons for considering the Virgin Islands Department of Health (VIDH) a high-risk grantee.

Under the authority of the Education Department General Administrative Regulations (EDGAR), 34 CFR §80.12, the Department has determined that VIDH is a "high risk" grantee for purposes of Part C of IDEA for FY 2002. The special conditions are imposed to ensure that the funds are expended for appropriate and timely services to infants and toddlers with disabilities and their families in the Virgin Islands.

The Virgin Islands must administer this award both in keeping with applicable Federal laws and regulations and the special conditions attached to the award. The Virgin Islands' acceptance of its award constitutes an agreement to meet the special conditions.

This year, a number of States have either established systems of payments or are considering establishing or revising their systems of payments. Under 34 CFR §303.173(a), each State's Part C application must include the State's policies and procedures that identify: (1) how it will pay for early intervention services (under 34 CFR §303.520(a)); (2) any system of payments that the State chooses to establish (under 34 CFR §303.521(a)); and (3) all funding sources (under 34 CFR §303.522). Although a State is not required under Part C to access public and private insurance available to a family, if a State requires parents under Part C to access their public and/or private insurance, the State must include this information in its Part C application as well as an assurance, under 34 CFR §303.520(b)(3)(ii), that the inability of a parent to pay will not result in the denial of any service under Part C.

Section I.C. of the FY 2002 application for Part C funds requested updated information about each State's restricted indirect cost rate. Our records indicate that your current restricted indirect cost rate expired on 9/30/2002. Part III of your State's Part C Application indicates that your agency "will continue to apply the current restricted indirect cost rate [of 4.53%]... until a new rate or plan is negotiated and approved by the State's cognizant Federal agency." Please forward to us any restricted indirect cost rate once it is approved by your federal cognizant agency.

In addition to the special conditions, the enclosed grant award for FFY 2002 is made with the continued understanding that this office may, from time to time, require clarification of information within your application and appendices, if necessary. These inquiries are needed to allow us to appropriately carry out our administrative responsibilities related to IDEA.

I am encouraged by the commitment of your office to address the problems and challenges that you face. My staff is ready to provide helpful technical assistance should you request it. We are looking forward to working with you on these matters to ensure the success of the program.

Sincerely,

/s/Patricia J. Guard for

Stephanie Smith Lee
Director
Office of Special Education Programs

Enclosure

cc: Juel Malloy, Office of the Governor
Renee Joseph-Rhymer, Program Director